

# **JIANGSU HORIZON CHAIN SUPERMARKET COMPANY LIMITED**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

## **Articles of Association**

(Applicable after the issuance of H shares)

**(Considered and approved at the 2024 First Extraordinary General Meeting  
of the Company on 10 May 2024**

**Amended at the 2024 Second Extraordinary General Meeting  
of the Company on 2 October 2024**

**Amended at the 2025 First Extraordinary General Meeting  
of the Company on 12 March 2025)**

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## Chapter 1 General Provisions

**Article 1** In order to safeguard the legitimate rights and interests of Jiangsu Horizon Chain Supermarket Company Limited (江蘇宏信超市連鎖股份有限公司) (hereinafter referred to as the “**Company**”), its shareholders and creditors, and to regulate the organization and conduct of the Company, these Articles of Association are hereby formulated in accordance with the Company Law of the People’s Republic of China (2023 Revision) (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (2019 Revision) (hereinafter referred to as the “**Securities Law**”), the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (hereinafter referred to as the “**FIL**”), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (hereinafter referred to as the “**Trial Administrative Measures**”), the Guidelines for the Articles of Association of Listed Companies (hereinafter referred to as the “**Guidelines for the Articles of Association**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange Listing Rules**”) and other relevant requirements.

**Article 2** The Company is a joint stock company with limited liability established under the Company Law and other relevant requirements. The Company was established by way of promotion (overall conversion of limited liability company) and was issued a business license upon registration with Yangzhou Administration for Industry and Commerce (揚州市工商行政管理局), with a unified social credit code of 9132100078126522XH.

**Article 3** The Company received the Notice of on the Initial Public Offering of Overseas Listed Foreign Shares and “Full Circulation” Registration of Domestic Unlisted Shares of Jiangsu Horizon Chain Supermarket Company Limited (《關於江蘇宏信超市連鎖股份有限公司境外發行上市及境內未上市股份“全流通”備案通知書》) from the China Securities Regulatory Commission (hereinafter referred to as “**CSRC**”) on 20 February 2025, and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Stock Exchange**”) on [•]. The Company has been approved to issue not more than 61,596,000 overseas listed shares with a nominal value of RMB1 each, all of which shall be ordinary shares.

**Article 4** The registered name of the Company

Chinese name: 江蘇宏信超市連鎖股份有限公司

English name: Jiangsu Horizon Chain Supermarket Company Limited

**Article 5** The Company's domicile: Shao Bo Town Industrial Park Logistics Park, Jiangdu District, Yangzhou City, Jiangsu Province, the PRC; Postal Code: 225261.

**Article 6** The registered capital of the Company is RMB[•].

**Article 7** The Company is a joint stock company with limited liabilities in perpetual existence.

**Article 8** The chairman of the Board shall be the legal representative of the Company.

If the chairman of the Board or the general manager who serves as the legal representative resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time. If the legal representative resigns, the Company shall appoint a new legal representative within thirty days from the date of resignation of the legal representative.

If the Company convenes a Board meeting and the chairman of the Board of the Company is elected or changed by the votes of over one-half of all the directors, the chairman after the election or change shall be the legal representative of the Company. If the Company changes its legal representative, the application for registration of change shall be signed by the legal representative after change.

**Article 9** All of the assets of the Company are divided into shares of equal value, the shareholders shall be liable to the Company to the extent of the shares they have subscribed for and the Company shall be liable for the debts of the Company to the extent of all its assets.

**Article 10** These Articles of Association shall, from the date on which it becomes effective, become a legally binding document regulating the organization and conduct of the Company, the rights and obligations between the Company and its shareholders, and the rights and obligations between the shareholders inter se, and a legally binding document over the Company, its shareholders, directors, supervisors and senior management. Disputes among the Company, shareholders, directors, supervisors and senior management involving the provisions of the Articles of Association shall be resolved through negotiation first. Only when negotiation fails to resolve said dispute should it be referred to litigation. Pursuant to the Articles of Association, shareholders may sue other shareholders, shareholders may sue directors, supervisors, general managers and other senior management personnel of the Company, shareholders may sue the Company, and the Company may sue its shareholders, directors, supervisors, general managers and other senior management.

**Article 11** Other senior management as referred to in these Articles of Association shall refer to the deputy general manager, secretary to the Board and financial controller of the Company.

“General manager” referred to in these Articles of Association shall be the “Manager” as defined in the Company Law.

**Article 12** The Company shall establish an organization of the Communist Party and carry out activities thereof in accordance with the provisions of the Constitution of the Communist Party of China. The Company shall provide necessary conditions for the activities of the party organization.

## **Chapter 2 Objectives and Scope of Business**

**Article 13** The business objectives of the Company are to carry out its business operations in compliance with relevant laws and regulations, continuously enhance its standard of operation management and its core competitiveness, provide quality service to its customers, maximize shareholders’ rights and interests and the value of the Company, and achieve better economic and social efficiency.

**Article 14** Upon lawful registration, the scope of business of the Company is as follows: Permitted items: Sales of foods; road freight transportation (excluding hazardous goods); operation of alcoholic beverages (for items subject to approval as required by law, business activities may only be carried out upon obtaining the approval of relevant authorities, with the specific scope of business subject to the approval results). General items: Sales of foods (only pre-packaged foods); sales of health foods (pre-packaged); sales of infant formula milk powder and other infant formula foods; sales of formula foods for special medical purposes; retail of edible agricultural products; sales of agricultural by-products; primary processing of edible agricultural products; sales of grains; sales of beans and tubers; production, sales, processing, transportation, storage, and other related services of agricultural products; retail of fresh vegetables; retail of fresh fruits; retail of aquatic products; retail of fresh meat; retail of fresh eggs; sales of daily necessities; sales of daily-use products; retail of protective products for healthcare personnel; retail of medical masks; sales of daily-use masks (non-medical); sales of hygiene products and disposable medical supplies; sales of personal hygiene products; sales of Class II medical devices; sales of disinfectants (excluding hazardous chemicals); sales of office supplies; sales of office equipment; sales of office equipment consumables; retail of stationery; sales of electronic products; sales of batteries; sales of labor protection supplies; sales of maternal and infant products; sales of gold and silver products; retail of jewellery; retail of cosmetics; sales of spectacles (excluding contact lenses); retail of clothing and apparel; sales of textiles and knitted fabrics; retail of footwear and hats; sales of bags and suitcases; sales of leather products; retail of watches and clocks; sales of toys; sales of toys, comics and entertainment products; retail of kitchenware, sanitary ware and daily groceries; sales of plastic products; sales of rubber products; sales of outdoor supplies; retail of sports goods and equipment; sales of gifts and flowers; sales of pets; retail of pet food and supplies; sales of tea sets; retail of musical instruments; sales of household goods; sales of household appliances; sales of home audio-visual equipment; sales of audio equipment; sales of spare parts for household appliances; sales of refrigeration and air-conditioning equipment; retail of bicycles and spare parts; sales of electric bicycles; retail of automobile spare parts; sales of automobile decoration products; retail of motorcycles and spare parts; sales of amusement and entertainment products; sales of metal materials; sales of metal products; sales of building materials; sales of construction and decorative materials; sales of furniture; sales of furniture spare parts; sales of timber; sales of flooring; sales of sanitary ceramic products; sales of lighting products; sales of fishing gear; sales of electrical equipment; sales of communication equipment; sales of telecommunications equipment; retail of hardware products; sales of lighting fixtures; sales of sanitary ware; operation of electric wires and cables; sales of awnings; sales of fire-fighting equipment; sales of specialized equipment; sales of direct drinking water equipment; sales of gardening products; sales of second-hand goods; sales of rattan products; sales of bamboo products; sales of fertilizers; agency sales of single-purpose commercial prepaid cards; internet sales (excluding goods requiring licensing for sales); internet sales of foods (only pre-packaged food); amusement park services; advertising design and agency services; advertisement production; advertisement publication; typing and photocopying services; packaging services; business agency and delegation services; procurement agency services; sales agency services; property management; professional cleaning, washing and disinfection services; daily household services; food delivery services; leasing services (excluding leasing services requiring licensing); parking services (except for items subject to approval as required by law, the Company shall carry out business activities

independently in accordance with its business license). Items restricted to branch operations: Food production; catering services; retail of pharmaceuticals; retail of publications; retail of fireworks and firecrackers; retail of pesticides; operation of crop seeds.

## **Chapter 3 Shares**

### **Section 1 Issuance of Shares**

**Article 15** Shares of the Company shall take the form of registered share certificates.

**Article 16** The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights. Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares for which it or he or she subscribes for.

**Article 17** The shares issued by the Company shall be denominated in RMB.

**Article 18** Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as overseas listed foreign shares.

Foreign currencies referred to in the preceding paragraph shall refer to the lawful currencies, other than RMB of other countries or regions that are recognized by the competent state foreign exchange control authority and that can be used to pay the share price to the Company.

Shareholders of the domestic shares of the Company may have their domestic unlisted shares converted into overseas listed shares and have the same listed and circulated on overseas stock exchanges, provided that they shall comply with the relevant regulations of the CSRC and entrust the Company to complete the filing procedures with the CSRC. The shares transferred, or upon conversion, for listing and trading on overseas stock exchanges are also subject to the regulatory procedures, provisions and requirements of overseas securities markets. The listing and trading of transferred shares on overseas stock exchanges, or the conversion of domestic shares into foreign shares for listing and trading on overseas stock exchanges, are not subject to the approval of a shareholders' meeting or general meeting.

Overseas listed foreign shares issued by the Company and listed in Hong Kong as well as domestic shares after being filing with the CSRC and listed in Hong Kong shall be referred to as H shares. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange, the par value of which are denominated in RMB, and are subscribed for and traded in Hong Kong dollars.

Both holders of domestic shares and overseas listed foreign shares are holders of ordinary shares and share the same obligations and rights.

**Article 19** The Company shall at all times have ordinary shares including domestic and foreign shares; the Company may have other classes of shares after fulfilling the relevant procedures as required.

**Article 20** The names of the sponsors of the Company, number of Shares subscribed, method of capital contribution and time of capital contribution are as follows:

Name of the promotor	Subscription upon establishment		Paid-up capital upon establishment			Paid-up capital as at 24 April 2009	
	Number of shares subscribed	Method of capital contribution	Number of shares subscribed	Time of capital contribution	Method of capital contribution	Number of shares subscribed	Method of capital contribution
Jiangsu Hongxin Trade Co., Ltd. (江蘇宏信商貿股份有限公司)	6,160,000	Cash, net assets	352,956.344 5,807,043.656	2007.07.20 2007.09.26	Net assets Net assets	-	-
Jiangdu Supply and Marketing Cooperative System Trade Union Committee (江都市供銷社系統工 會委員會)	200,000	Cash, net assets	88,239.086 111,760.914	2007.07.20 2007.09.26	Net assets Cash	-	-
Gao Feng (高峰)	4,000,000	Cash	1,600,000	2007.09.26	Cash	2,400,000	Cash
Zhang Jia'an (張佳安)	2,240,000	Cash	510,000	2007.09.26	Cash	1,730,000	Cash
Yuan Yuan (袁原)	1,800,000	Cash	600,000	2007.09.26	Cash	1,200,000	Cash
Gao Yuping (高玉平)	1,000,000	Cash	50,000	2007.09.26	Cash	950,000	Cash
Xu Shihe (許世和)	1,000,000	Cash	420,000	2007.09.26	Cash	580,000	Cash
Yu Qin (禹琴)	1,000,000	Cash	100,000	2007.09.26	Cash	900,000	Cash
Yin Qin (印勤)	900,000	Cash	450,000	2007.09.26	Cash	450,000	Cash
Li Dongmei (李冬梅)	800,000	Cash	50,000	2007.09.26	Cash	750,000	Cash
Tian Xiuqin (田秀琴)	800,000	Cash	50,000	2007.09.26	Cash	750,000	Cash
Chang Jiaquan (常家泉)	500,000	Cash	110,000	2007.09.26	Cash	390,000	Cash
Guo Xia (郭霞)	500,000	Cash	200,000	2007.09.26	Cash	300,000	Cash
Zhan Mingyu (詹明玉)	480,000	Cash	100,000	2007.09.26	Cash	380,000	Cash
Hu Qinghua (胡慶華)	440,000	Cash	200,000	2007.09.26	Cash	240,000	Cash
Xia Zhonglin (夏忠林)	430,000	Cash	90,000	2007.09.26	Cash	340,000	Cash
Leng Yuemei (冷月梅)	400,000	Cash	50,000	2007.09.26	Cash	350,000	Cash
Xu Jun (徐俊)	380,000	Cash	110,000	2007.09.26	Cash	270,000	Cash
Zhang Jun (張軍)	360,000	Cash	110,000	2007.09.26	Cash	250,000	Cash



Name of the promotor	Subscription upon establishment		Paid-up capital upon establishment			Paid-up capital as at 24 April 2009	
	Number of	Method of	Number of	Time of	Method of	Number of	Method of
	shares subscribed	capital contribution	shares subscribed	contribution	capital contribution	shares subscribed	capital contribution
Zhang Youting (張有婷)	340,000	Cash	120,000	2007.09.26	Cash	220,000	Cash
Jiang Lei (蔣磊)	300,000	Cash	80,000	2007.09.26	Cash	220,000	Cash
Mao Hongxia (毛紅霞)	300,000	Cash	260,000	2007.09.26	Cash	40,000	Cash
Li Aimin (李愛民)	280,000	Cash	150,000	2007.09.26	Cash	130,000	Cash
Zhu Zheng (朱政)	280,000	Cash	150,000	2007.09.26	Cash	130,000	Cash
Wang Jingsong (王敬松)	270,000	Cash	130,000	2007.09.26	Cash	140,000	Cash
Wu Jie (吳潔)	240,000	Cash	160,000	2007.09.26	Cash	80,000	Cash
Dai Hongqing (戴宏慶)	180,000	Cash	100,000	2007.09.26	Cash	80,000	Cash
Guan Yueqin (管月琴)	180,000	Cash	150,000	2007.09.26	Cash	30,000	Cash
Mei Ping (梅平)	180,000	Cash	70,000	2007.09.26	Cash	110,000	Cash
Yan Shuqin (嚴書琴)	180,000	Cash	110,000	2007.09.26	Cash	70,000	Cash
Pan Lingmei (潘玲妹)	160,000	Cash	120,000	2007.09.26	Cash	40,000	Cash
Jiang Xianyu (江顯月)	150,000	Cash	100,000	2007.09.26	Cash	50,000	Cash
Li Qian (李倩)	150,000	Cash	60,000	2007.09.26	Cash	90,000	Cash
Kan Fuling (闕傳玲)	140,000	Cash	90,000	2007.09.26	Cash	50,000	Cash
Xu Qing (徐青)	140,000	Cash	110,000	2007.09.26	Cash	30,000	Cash
Lu Shouping (陸壽萍)	130,000	Cash	40,000	2007.09.26	Cash	90,000	Cash
Zhang Guangyou (張光友)	130,000	Cash	40,000	2007.09.26	Cash	90,000	Cash
Teng Lin (滕琳)	120,000	Cash	70,000	2007.09.26	Cash	50,000	Cash
Shen Cheng (沈城)	110,000	Cash	60,000	2007.09.26	Cash	50,000	Cash
Wang Jinliang (王金良)	110,000	Cash	60,000	2007.09.26	Cash	50,000	Cash
Zhang Yu (張玉)	110,000	Cash	40,000	2007.09.26	Cash	70,000	Cash
Zhao Xingwang (趙興旺)	110,000	Cash	50,000	2007.09.26	Cash	60,000	Cash
Cao Songyun (曹松雲)	100,000	Cash	100,000	2007.09.26	Cash	–	–
Shen Xiuyun (沈秀雲)	100,000	Cash	20,000	2007.09.26	Cash	80,000	Cash
Xu Fangding (徐方定)	100,000	Cash	80,000	2007.09.26	Cash	20,000	Cash
Yao Xinhua (姚新華)	90,000	Cash	50,000	2007.09.26	Cash	40,000	Cash
Zhu Jun (朱軍)	90,000	Cash	60,000	2007.09.26	Cash	30,000	Cash
Huang Weiyong (黃偉勇)	80,000	Cash	50,000	2007.09.26	Cash	30,000	Cash
Quan Aijun (全愛軍)	80,000	Cash	50,000	2007.09.26	Cash	30,000	Cash
Tang Manjiang (湯滿江)	80,000	Cash	70,000	2007.09.26	Cash	10,000	Cash
Zhu Qing (朱清)	80,000	Cash	80,000	2007.09.26	Cash	–	–
Zhu Aizhen (朱愛珍)	80,000	Cash	50,000	2007.09.26	Cash	30,000	Cash
Zhao Xiuqin (趙秀琴)	70,000	Cash	40,000	2007.09.26	Cash	30,000	Cash
Bu Chunnv (步春女)	60,000	Cash	60,000	2007.09.26	Cash	–	–
Shen Zhigen (沈志良)	60,000	Cash	30,000	2007.09.26	Cash	30,000	Cash
Shi Chenlin (史晨林)	60,000	Cash	15,000	2007.09.26	Cash	45,000	Cash
Zhang Xiaoqiu (張小秋)	60,000	Cash	50,000	2007.09.26	Cash	10,000	Cash
Li Chunlan (李春嵐)	50,000	Cash	40,000	2007.09.26	Cash	10,000	Cash

Name of the promotor	Subscription upon establishment		Paid-up capital upon establishment			Paid-up capital as at 24 April 2009	
	Number of shares subscribed	Method of capital contribution	Number of shares subscribed	Time of capital contribution	Method of capital contribution	Number of shares subscribed	Method of capital contribution
Ni Hua (倪 華)	50,000	Cash	50,000	2007.09.26	Cash	–	–
Quan Haizhen (全海珍)	50,000	Cash	10,000	2007.09.26	Cash	40,000	Cash
Shi Xia (施 霞)	50,000	Cash	10,000	2007.09.26	Cash	40,000	Cash
Wang Ying (汪 穎)	50,000	Cash	10,000	2007.09.26	Cash	40,000	Cash
Zhu Hairong (朱海榮)	50,000	Cash	10,000	2007.09.26	Cash	40,000	Cash
Hu Yingchun (胡迎春)	40,000	Cash	40,000	2007.09.26	Cash	–	–
Xu Chunling (徐春玲)	40,000	Cash	30,000	2007.09.26	Cash	10,000	Cash
Xu Shiqiang (許世強)	40,000	Cash	40,000	2007.09.26	Cash	–	–
Gao Jie (高 潔)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Gu Haijun (顧海軍)	30,000	Cash	10,000	2007.09.26	Cash	20,000	Cash
Huang Haiyan (黃海燕)	30,000	Cash	5,000	2007.09.26	Cash	25,000	Cash
Ji Qing (季 清)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Li Bin (李 斌)	30,000	Cash	10,000	2007.09.26	Cash	20,000	Cash
Li Chun (李 春)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Li Xia (李 霞)	30,000	Cash	20,000	2007.09.26	Cash	10,000	Cash
Sun Li (孫 莉)	30,000	Cash	10,000	2007.09.26	Cash	20,000	Cash
Wang Chunlin (王春林)	30,000	Cash	10,000	2007.09.26	Cash	20,000	Cash
Xia Guifen (夏桂芬)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Zhang Aiping (張愛平)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Zhu Yinshan (朱銀山)	30,000	Cash	30,000	2007.09.26	Cash	–	–
Qiu Chunyun (仇春雲)	20,000	Cash	5,000	2007.09.26	Cash	15,000	Cash
Hu Jun (胡 俊)	20,000	Cash	20,000	2007.09.26	Cash	–	–
Sun Wenping (孫文萍)	20,000	Cash	10,000	2007.09.26	Cash	10,000	Cash
Wang Xia (王 霞)	20,000	Cash	20,000	2007.09.26	Cash	–	–
Wang Yuanhe (王元鶴)	20,000	Cash	20,000	2007.09.26	Cash	–	–
Xia Jin (夏 瑾)	20,000	Cash	5,000	2007.09.26	Cash	15,000	Cash
Xiang Yang (向 陽)	20,000	Cash	10,000	2007.09.26	Cash	10,000	Cash
Zhang Li (張 麗)	20,000	Cash	10,000	2007.09.26	Cash	10,000	Cash
Zhang Min (張 閩)	20,000	Cash	10,000	2007.09.26	Cash	10,000	Cash
Chen Hui (陳 慧)	10,000	Cash	10,000	2007.09.26	Cash	–	–
Gao Shangyun (高尚雲)	10,000	Cash	10,000	2007.09.26	Cash	–	–
Han Juan (韓 娟)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Li Wenjian (李文健)	10,000	Cash	10,000	2007.09.26	Cash	–	–
Liu Zongyun (劉宗雲)	10,000	Cash	10,000	2007.09.26	Cash	–	–
Mao Yuhong (冒玉紅)	10,000	Cash	10,000	2007.09.26	Cash	–	–
Sang Maojuan (桑茂娟)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Shao Limei (沙裡梅)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Shen Li (沈 莉)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Sun Jian (孫 建)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash

Name of the promotor	Subscription upon establishment		Paid-up capital upon establishment			Paid-up capital as at 24 April 2009	
	Number of shares subscribed	Method of capital contribution	Number of shares subscribed	Time of capital contribution	Method of capital contribution	Number of shares subscribed	Method of capital contribution
Wang Ping (王萍)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Xu Juan (許娟)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Xue Hong (薛紅)	10,000	Cash	10,000	2007.09.26	Cash	-	-
Yao Min (姚敏)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Yu Mei (于梅)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Zhang Xuehe (張學和)	10,000	Cash	10,000	2007.09.26	Cash	-	-
Zhou Jihong (周繼紅)	10,000	Cash	5,000	2007.09.26	Cash	5,000	Cash
Total	<u>30,000,000</u>	-	<u>15,000,000</u>	-	-	<u>15,000,000</u>	-

**Article 21** Prior to the initial public offering of H shares, the total number of shares of the Company was 160,684,910 shares with a par value of RMB1 each, all of which were ordinary shares.

**Article 22** Neither the Company nor any subsidiary of the Company (including an affiliate of the Company) shall provide any financial assistance in the form of a gift, advance, guarantee, compensation or loan to a person who is acquiring or proposing to acquire shares of the Company.

## Section 2 Increase, Decrease and Repurchase of Shares

**Article 23** The Company may, based on its business and development needs and in accordance with the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed, increase its capital in the following ways, subject to separate resolutions of the shareholders' meeting:

- (1) Public offering of shares;
- (2) Non-public issuance of shares;
- (3) Distributing bonus shares to its existing shareholders;
- (4) Conversion of capital reserve into share capital;
- (5) Other means as is stipulated by laws, administrative regulations, or as approved by securities regulatory rules of the place where the Company's shares are listed and the CSRC.

**Article 24** The Company may reduce its registered capital. When the company needs to reduce its registered capital, it should prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of passing the resolution on the registered capital reduction at the shareholders' meeting and shall publish an announcement on the newspaper(s) or the National Enterprise Credit Information Publicity System within 30 days. A creditor has the right, within 30 days from the receipt of such notice; or, for creditors who do not receive the notice, within 45 days from the date of the announcement, to request the Company to pay its debts or to provide corresponding guarantee for such debts.

When the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the capital contribution made or shares held by shareholders, unless otherwise provided by law or these Articles of Association.

The registered capital of the Company after its reduction shall not be less than the statutory minimum amount.

**Article 25** If the Company is still in a loss position after covering losses in accordance with the relevant provisions of the Company Law, it may reduce the registered capital to cover the losses. If the registered capital is reduced to cover the loss, the Company shall not make any distribution to the shareholders, nor shall it exempt the shareholders from the obligations to make capital contributions or pay up the amounts of shares.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 24 in these Articles of Association shall not apply, but an announcement shall be made in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving reduction of the registered capital has been passed by the shareholders' meeting.

The Company shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaching 50% of the registered capital of the Company after reducing the registered capital in accordance with the provisions of the preceding two paragraphs.

**Article 26** In the event that the registered capital is reduced in violation of the provisions of the Company Law, the shareholders shall return the funds they have received, and any reduction in shareholders' contributions shall be restored to the original state; if any loss is caused to the Company, the shareholders and responsible directors, supervisors, and senior management shall be liable for compensation.

**Article 27** The Company shall not buy back its shares, except in one of the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) using shares for employee stock ownership plan or equity incentives;
- (4) shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to buy back their shares;
- (5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;
- (6) where it is necessary for the Company to preserve its value and shareholders' interest.

**Article 28** The Company may repurchase its shares through public centralized trading or other methods recognized by laws, administrative regulations, the CSRC and the stock exchange where the Company's shares are listed, and shall comply with applicable laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are listed. Where the Company acquires its own shares due to the circumstances stipulated in paragraphs (3), (5) and (6) of Article 27 of these Articles of Association, it should be made by public and centralized transaction.

**Article 29** Where the Company repurchases its shares under the circumstances set out in paragraphs (1) and (2) of Article 27 of these Articles of Association, a resolution shall be passed at the shareholders' meeting. Where the Company repurchases its shares under the circumstances set out in paragraphs (3), (5) and (6) of Article 27 of these Articles of Association, a resolution may be passed at a Board meeting attended by more than two-thirds of the directors in accordance with the provisions of these Articles of Association or as authorized by the shareholders' meeting. Where the securities regulatory rules of the place where the shares of the Company are listed provide otherwise, such provisions shall prevail, provided that such provisions are not in violation of the Company Law, the Securities Law, the Administrative Measures and the Guidelines for the Articles of Association of Listed Companies.

Where the Company repurchases its shares under the circumstances set out in paragraph (1) of Article 27 of these Articles of Association, such shares shall be cancelled within 10 days from the date of repurchase; where the Company repurchases its shares under the circumstances set out in paragraphs (2) and (4), such shares shall be transferred or cancelled within 6 months; where the Company repurchases its shares under the circumstances set out in paragraphs (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

A holding subsidiary of the Company shall not acquire shares issued by the Company. If a holding subsidiary of the Company holds shares of the Company due to a merger, exercise of a pledge, or other reasons, it shall not exercise the voting rights corresponding to the shares held and shall promptly dispose of the shares of the related company.

### **Section 3 Transfer of Shares**

**Article 30** The Company's shares may be transferred in accordance with the law.

All the transfers of H Shares shall adopt written transfer instruments in a general or ordinary format or any other format accepted by the Board (including standard transfer format or transfer form specified by the Hong Kong Stock Exchange from time to time); such transfer instruments may be executed only by hand or under a valid corporate seal if the transferor or transferee is a corporation. If the transferor or transferee is a recognized clearing house as defined in relevant regulations in force from time to time under the laws of Hong Kong or its nominee(s), the transfer instruments may be executed by hand or by machine imprint. All the transfer instruments shall be kept at the legal address of the Company or at such address as designated by the Board from time to time.

**Article 31** The Company does not accept its own shares as the collateral of pledge.

**Article 32** Shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. Shares issued by the Company prior to the public offering of shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on the stock exchange.

Directors, supervisors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The above personnel shall not transfer the shares of the Company held by them within half a year after they leave the Company.

**Article 33** If the Company's shareholders holding 5% (excluding the recognized clearing houses or their agents as defined in the relevant ordinances in force under the laws of Hong Kong from time to time) or above shares of the Company, Directors, Supervisors, senior management officers sell shares or other securities with an equity nature within six months after buying the same or buy shares or securities within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company shall recover such earnings. However, the restriction shall not be applicable to any sale of shares by a securities company holding 5% or above of the Company's shares as a result of its purchase and underwriting of the untaken shares after offering and other circumstances stipulated by CSRC.

The shares or other securities with an equity nature held by Directors, Supervisors, senior management officers and natural person shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, children, and any of the above which is held by using others' accounts.

If the Company's Board does not comply with the provision of the first paragraph of this Article, the shareholders can request the Board to do so within 30 days. If the Board of the Company does not enforce such right within the aforesaid period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.

If the Company's Board does not enforce the provision of the first paragraph of this Article, the responsible Directors shall assume joint and severally liable in accordance with the laws.

## **Chapter 4 Shareholders and Shareholders' Meetings**

### **Section 1 Shareholders**

**Article 34** The Company shall establish a register of shareholders in accordance with the evidentiary documents provided by the securities registration authority, and such register of members shall be the sufficient evidence substantiating that the shareholders hold the shares of the Company. Shareholders enjoy rights and undertake obligations according to the class of shares they hold. Shareholders of the same class shall enjoy the same rights and bear the same obligations.

If the Company establishes a class of shares such as preferred shares, changes in the rights attached to the class of shares shall be approved by a vote of shareholders representing at least two-thirds of the voting rights of shareholders attending the shareholders' meeting of the share class with the right to vote on amendments to the rights of the class of shares.

**Article 35** The Company shall enter into a share custody agreement with the securities registrar, regularly enquire the information of substantial shareholders and the changes in shareholdings (including pledge of equity interests) of substantial shareholders, and keep abreast of the shareholding structure of the Company. When the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or engages in other activities that require the confirmation of the identity of shareholders, the Board or the convener of the shareholders' meeting shall determine the record date. Shareholders whose names appear on the register of shareholders after the close of trading on the record date shall be the shareholders entitled to relevant interests.



**Article 36** Shareholders of the Company shall enjoy the following rights:

- (1) to have the right to speak and vote at shareholders' meetings, unless required to abstain from voting on specific matters pursuant to the regulations of the Hong Kong Stock Exchange Listing Rules;
- (2) to receive dividends and other forms of profit distributions in proportion to the number of shares held;
- (3) to request, summon, preside over, attend or appoint a proxy to attend shareholders' meetings, and to exercise the corresponding voting rights in accordance with the law;
- (4) to supervise the operation of the Company, making suggestions or enquiries;
- (5) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and these Articles of Association;
- (6) to review and copy these Articles of Association, the register of members (the Company may suspend the processing of shareholder registration procedures in accordance with Section 632 of the Companies Ordinance (Chapter 622) of the Laws of Hong Kong), minutes of the shareholders' meetings, resolutions of the Board meetings, resolutions of the Board of Supervisors meetings and financial and accounting reports;
- (7) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to the number of shares held;
- (8) to request the Company to buy back the shares of shareholders objecting to resolutions of the shareholders' meeting concerning merger or division of the Company;
- (9) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

**Article 37** If a shareholder requests to inspect or copy the relevant information as mentioned in the preceding article or request any materials, he/she shall provide the Company with written documents proving the class and number of the shares he/she held in the Company. The Company shall provide the relevant information and materials as requested by the shareholder upon verification of his/her identity.

**Article 38** If a resolution passed at the shareholders' meeting or the Board meeting of the Company violates any laws and administrative regulations, the shareholder shall have the right to petition to a people's court to invalidate the resolution.



If the convening procedure or the form of voting at a shareholders' meeting or Board meeting is in violation of laws and administrative regulations or these Articles of Association, or if a resolution is in violation of these Articles of Association, the shareholders shall be entitled to request the people's court for revocation within 60 days from the date of the adoption of such resolution, unless there is only a slight defect in the procedure of convening or the form of voting at the shareholders' or Board meetings of the Company, which has no substantive impact on the resolution.

A shareholder who has not been notified to attend the shareholders' meetings may file the petition to the people's court to revoke such resolution within 60 days from the date on which he/she knows or should know that the resolution was made at the shareholders' meetings; if the right of revocation is not exercised within one year from the date on which the resolution is made, the right of revocation shall be extinguished.

**Article 39** Resolutions of a shareholders' meeting or a Board meeting of the Company shall be invalid in any of the following circumstances:

- (1) the resolution was not made by a shareholders' meeting or a Board meeting;
- (2) the resolution was not voted on at a shareholders' meeting or a Board meeting;
- (3) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and these Articles of Association;
- (4) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law and these Articles of Association.

**Article 40** If a director or any senior management member of the Company violates the provisions of laws, administrative regulations or these Articles of Association in performing his/her duties, causing losses to the Company, shareholders holding 1% or more of the shares in the Company, either individually or collectively, for 180 or more consecutive days shall have the right to request the Board of Supervisors in writing to institute a legal action at a people's court; if the Board of Supervisors violates the provisions of laws, administrative regulations or these Articles of Association in performing its duties, causing losses to the Company, such shareholders may request the Board in writing to institute a legal action at a people's court.

If the Board of Supervisors or the Board refuses to institute a legal action upon receipt of the written request from the shareholders, or fails to do so within 30 days from the date of receipt of the written request, or if the circumstances are urgent and failure to promptly institute a legal action would cause irreparable harm, the shareholders mentioned in the preceding paragraph shall have the right to institute a legal action at a people's court in their own names in the interests of the Company.

In the event that a third party infringes upon the legal interests of the Company, thereby causing the Company to sustain a loss, the shareholders, as specified in the first paragraph of this Article, may institute a legal action at a people's court pursuant to the first two paragraphs hereinabove in this Article.

**Article 41** If a director or any senior management member violates the provisions of laws, administrative regulations or these Articles of Association in infringement of shareholders' interests, the shareholders may institute legal proceedings to the people's court.

**Article 42** Shareholders of the Company shall assume the following obligations:

- (1) to abide by laws, administrative regulations and these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to make divestment unless in the circumstances stipulated by laws and regulations;
- (4) not to abuse the rights of shareholders to damage the interests of the Company or that of other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;
- (5) other obligations imposed by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and these Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Shareholders of the Company who abuse the independent status of the Company as a legal person and the limited liability of shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liabilities for the debts of the Company.

**Article 43** Where any shareholder who holds more than 5% of shares with voting rights of the Company have pledged such shares, the relevant shareholder shall report to the Company in writing on the date of occurrence of such fact.

**Article 44** The controlling shareholders and de facto controllers of the Company shall not use their connected relations to damage the interests of the Company. If the violation causes losses to the Company, it shall be liable for compensation.

The controlling shareholders and de facto controllers of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a capital contributor in strict compliance with the laws. The controlling shareholder shall not damage the legitimate rights and interests of the Company and public shareholders by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., and shall not use its controlling status to damage the interests of the Company and public shareholders.

## **Section 2 General Provisions of Shareholders' Meetings**

**Article 45** The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

- (1) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (2) to consider and approve the reports of the Board;
- (3) to consider and approve the report of the Board of Supervisors;
- (4) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (5) to resolve on the increase or reduction of the registered capital of the Company;
- (6) to resolve on the issue of corporate bonds;
- (7) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;
- (8) to make amendments to these Articles of Association;
- (9) to resolve on the appointment and dismissal of the accounting firm of the Company;
- (10) to consider and approve the guarantee matters stipulated in Article 46;
- (11) to consider the purchase or disposal of material assets within one year with an amount exceeding 30% of the latest audited total assets of the Company;
- (12) to consider and approve the change in use of proceeds;
- (13) to consider share incentive schemes and employee share ownership schemes;
- (14) to consider other matters required by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be decided by the shareholders' meeting.

Except as otherwise provided in these Articles of Association, the above-mentioned powers of shareholders' meeting shall not be exercised by the Board or other institutions or individuals by way of authorization. In addition to the above matters, the shareholders' meeting may authorize or entrust the Board and/or its authorized persons to handle the matters authorized or entrusted by it without violating the laws and regulations and the mandatory provisions of the relevant laws, regulations and regulatory rules of the place where the Company's shares are listed.

**Article 46** The following external guarantees of the Company shall be subject to the approval of the shareholders' meeting:

- (1) Any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (2) Any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the latest audited total assets of the Company;
- (3) Guarantees provided by the Company in an amount exceeding 30% of the latest audited total assets of the Company within one year;
- (4) Guarantees provided for guarantors whose gearing ratio exceeds 70%;
- (5) Any guarantee whose single amount exceeds 10% of the latest audited net assets of the Company;
- (6) Any guarantee provided to shareholders, de facto controllers and their related parties.

Directors, general managers and other senior management who have violated the laws, administrative regulations or the provisions of these Articles of Association regarding the approval authority and consideration procedures for matters relating to external guarantees and have caused losses to the Company shall be liable for compensation and the Company may institute legal proceedings against them in accordance with the law.

**Article 47** Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year within six months after the end of the previous accounting year.

**Article 48** The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

- (1) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) when shareholders individually or jointly holding 10% or more of the Company's shares so request;
- (4) when deemed necessary by the Board;
- (5) when proposed by the Board of Supervisors;
- (6) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The number of shares held as mentioned in subparagraph (3) above shall be subject to the number of shares held on the date when the shareholder submits a written request.

**Article 49** The shareholders' meeting of the Company shall be convened at the domicile of the Company or the place specified in the notice of meeting. A venue will be set for the shareholders' meeting and the meeting will be held in the form of an on-site meeting. The Company may also provide internet, video, telephone or other means to facilitate shareholders' participation in the shareholders' meeting in accordance with the laws, administrative regulations, departmental rules and regulations and the securities regulatory rules of the place where the Company's shares are listed, provided that the shareholders' meeting shall be legal and effective. Shareholders who attended the shareholders' meeting through the above-mentioned means are deemed to be present. The time and place of the on-site meeting shall be selected to facilitate shareholders' participation. After the notice of the shareholders' meeting has been given, the place of the on-site meeting of the shareholders' meeting shall not be changed without justifiable reasons. If there is a need to change, the convener shall announce and explain the reasons at least two working days before the date of the on-site meeting.

**Article 50** When holding a shareholders' meeting, the Company shall engage lawyers to give legal opinions and make an announcement on the following matters:

- (1) whether the procedures of convening and holding the meeting comply with laws, administrative regulations and the articles of association;
- (2) whether the qualifications of the attendees and the convener of the meeting are lawful and valid;
- (3) whether the voting procedure and results of the meeting are lawful and valid;
- (4) legal opinions on other relevant matters upon request by the Company.

### **Section 3 Summoning of Shareholders' Meetings**

**Article 51** Shareholders' meetings shall be summoned by the Board. The publication of the notice of the shareholders' meeting shall comply with the relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. The independent non-executive Directors are entitled to propose to the Board to convene an extraordinary shareholders' meeting. In response to a proposal by independent non-executive Directors to convene an extraordinary shareholders' meeting, the Board shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the Company's shares are listed and these Articles of Association, give a written reply on whether or not to convene the extraordinary shareholders' meeting within 10 days after receiving the proposal. If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall explain the reasons and make an announcement.

**Article 52** The Board of Supervisors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting in writing. The Board shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the Company's shares are listed and these Articles of Association, give a written reply on whether to convene the extraordinary meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Any changes to the original proposal made in the notice shall be approved by the Board of Supervisors.

If the Board does not agree to convene the extraordinary shareholders' meeting or fails to give a reply within 10 days after receiving the proposal, the Board shall be deemed to be unable or fail to perform the duty of convening the shareholders' meeting, and the Board of Supervisors may summon and preside over the meeting on its own.

**Article 53** Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the shares of the Company are listed and these Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is passed. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary shareholders' meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to convene an extraordinary shareholders' meeting, and such proposal shall be made in writing. The Board of Supervisors shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the shares of the Company are listed and these Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within 10 days after receipt of the proposal.

If the Board of Supervisors agrees to convene the extraordinary shareholders' meeting, it shall issue a notice of the shareholders' meeting within 5 days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to issue the notice of the shareholders' meeting within the prescribed period, it shall be deemed that the Board of Supervisors will not convene and preside over the shareholders' meeting, and shareholders individually or jointly holding 10% or more of the Company's shares for more than 90 consecutive days may summon and preside over the meeting by themselves.

**Article 54** If the Board of Supervisors or the shareholders have decided to summon a shareholders' meeting on their own initiative, they shall notify the Board in writing and file with the stock exchange on which the Company's shares are listed in accordance with the applicable regulations.

The shareholding of the summoning shareholders shall not be less than 10% before the announcement of the resolution of the shareholders' meeting.

The Board of Supervisors or the summoning shareholder shall submit the relevant supporting documents to the stock exchange on which the Company's shares are listed when giving notice of the shareholders' meeting and when announcing the resolutions of the shareholders' meeting.



**Article 55** The Board and the secretary to the Board will cooperate with the shareholders' meeting that is summoned by the Board of Supervisors or the shareholders on their own initiative. The Board will provide the register of members as at the shareholding record date.

**Article 56** For shareholders' meetings summoned by the Board of Supervisors or the shareholders on their own initiative, the expenses necessary for the meeting shall be borne by the Company.

#### **Section 4 Proposals and Notices of Shareholders' Meeting**

**Article 57** The content of the proposals shall fall within the scope of powers of the shareholders' meeting, set out clear issues and specific matters on which resolutions are to be made, and meet the relevant provisions of laws, administrative regulations and these Articles of Association.

**Article 58** When the Company convenes a shareholders' meeting, the Board, the Board of Supervisors and shareholders individually or jointly holding more than 1% of the Company's shares shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a shareholders' meeting is convened. The convener shall issue a supplementary notice of the shareholders' meeting within two days upon receipt of the proposal to announce the contents of the provisional proposal. If the shareholders' meeting is postponed due to the issuance of a supplementary notice of the shareholders' meeting pursuant to the securities regulatory rules of the place where the Company's shares are listed, the shareholders' meeting shall be postponed pursuant to the securities regulatory rules of the place where the Company's shares are listed.

Except as provided in the preceding paragraph or the securities regulatory rules of the place where the Company's shares are listed, the convener shall not amend the proposals set out in the notice of the shareholders' meeting or add any new proposals after issuing the notice of the shareholders' meeting.

Proposals not specified in the notice of shareholders' meeting or not in compliance with the provisions of these Articles of Association shall not be voted on and resolved by the shareholders' meeting.

**Article 59** The convener shall notify all shareholders in writing or otherwise 21 days before the annual shareholders' meeting and shall notify all shareholders in writing or otherwise 15 days before the extraordinary shareholders' meeting.



**Article 60** The notice of the shareholders' meeting shall include the following contents:

- (1) the time, venue, and duration of the meeting;
- (2) the matters and proposals to be discussed at the meeting;
- (3) a prominent statement stating that all Shareholders entitled to attend the shareholders' meetings and appoint proxy by written to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company;
- (4) the shareholding registration date of shareholders entitled to attend the shareholders' meeting;
- (5) the name and phone number of standing contact person for meeting services;
- (6) the voting time and voting procedures through the internet or other means;
- (7) other matters required to be disclosed by laws, administrative regulations, departmental rules, or the Hong Kong Stock Exchange Listing Rules.

Notices or supplementary notices of shareholders' meetings shall adequately and completely disclose all the specific contents of all proposals. Where the opinions of an independent non-executive director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of shareholders' meetings are issued.

The commencement time of voting by network or other means at the shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site shareholders' meeting and shall not be later than 9:30 a.m. on the day of the on-site shareholders' meeting, and shall not be ended earlier than 3:00 p.m. on the conclusion day of the on-site shareholders' meeting.

The interval between the shareholding record date and the date of the meeting shall not be more than seven working days. The shareholding record date shall not be changed once confirmed.

**Article 61** Where the election of directors or supervisors is proposed to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall adequately disclose the detailed information of the candidates for directors or supervisors, which shall at least include:

- (1) personal particulars, including educational background, work experience, professional background, industry experience and part time jobs;
- (2) any related party relationship with the Company or the Company's controlling shareholders and de facto controllers;
- (3) the number of shares held in the Company;
- (4) whether they have been penalized by the CSRC and other relevant authorities and subject to the disciplinary actions imposed by stock exchanges.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

**Article 62** After the notice of shareholders' meeting is given, the shareholders' meeting shall not be postponed or cancelled and the proposals set out in the notice of the shareholders' meeting shall not be cancelled without proper reasons. In the event of any postponement or cancellation of the meeting, the convener shall give the reasons therefore at least two working days prior to the date on which the meeting is originally scheduled.

## **Section 5 Convening of Shareholders' Meetings**

**Article 63** The Board of the Company and other conveners shall take necessary measures to ensure the proper order of the shareholders' meeting. Measures shall be taken to stop any act disturbing the shareholders' meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, which shall be promptly reported to the relevant authorities for investigation and handling.

**Article 64** All shareholders registered on the shareholding record date or their proxies are entitled to attend the shareholders' meeting. They shall exercise their voting rights in accordance with the relevant laws, regulations and these Articles of Association.

Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf.

**Article 65** Individual shareholders who attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual shareholders shall produce their valid identity cards and the power of attorney of the shareholder.

Shareholder that is a legal person may be represented at the meeting by its legal representative or a proxy appointed by it. If a legal representative attends the meeting, he/she should produce his/her identity card and valid proof that he/she is a legal representative; if a proxy attends the meeting, the proxy should produce his/her identity card and the written power of attorney lawfully issued by the legal representative of the corporate shareholder.

Shareholder that is organized by non-legal person, the person in charge of the organization or a proxy authorized by the person in charge shall attend the meeting. Such person in charge of the organization attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the person in charge. Proxies authorized to attend the meeting shall present their personal identity cards or the written power of attorney lawfully issued by the person in charge of the organization.

**Article 66** The power of attorney issued by a shareholder to appoint a proxy to attend a shareholders' meeting shall specify:

- (1) the name of the proxy;
- (2) whether or not the proxy has any voting right;
- (3) directive to vote for or against or abstain from voting on each and every matter under consideration included in the agenda of the shareholders' meeting;
- (4) the date of issue and validity period of the power of attorney;
- (5) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

**Article 67** The proxy form shall contain a statement that whether in the absence of instructions from the shareholder the proxy may vote as he/she thinks fit.

**Article 68** If the proxy form is signed by a person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents and the instrument appointing a proxy shall be placed at the domicile of the Company or at such other place as specified in the notice convening the meeting.

If the principal is a legal person, its legal representative or such person as is authorized by resolution of its Board or other governing body to act as its representative may attend the shareholders' meeting of the Company.

If such shareholder is Hong Kong Securities Clearing Company Limited, such shareholder is entitled to appoint one or more proxies or corporate representatives to attend shareholders' meetings and meetings of creditors, and such proxies or corporate representatives have the same statutory rights as other shareholders, including the right to speak and vote. If two or more persons are so authorized, the power of attorney or authorization letter shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may exercise rights on behalf of Hong Kong Securities Clearing Company Limited (or its nominees) without the need to produce the shareholding certificates, notarized authorization letter and/or further evidence of the duly authorization, as if such person is an individual shareholder of the Company.

The proxy form shall be placed at the domicile of the Company or at such other place as specified in the notice convening the meeting at least 24 hours before the relevant meeting at which the proxy is to be voted, or at least 24 hours before the time designated for voting.

**Article 69** The register of meetings for those attending the meeting shall be produced by the Company. The register of meetings shall contain the names (or names of entities), identity card number, addresses of the attendees, the number of shares held or represented with voting rights, and the names (or names of entities) of appointing shareholder, etc.

**Article 70** The convener and the lawyer appointed by the Company (if applicable) shall verify the legality of the shareholders' capacity according to the register of members, and shall register the names of the shareholders as well as the number of their voting shares. Registration of the meeting shall be closed before the presiding officer announces the number of shareholders and proxies present at the meeting and the total number of their voting shares.

**Article 71** When a shareholders' meeting is convened, all directors, supervisors and the secretary to the Board of the Company shall attend the meeting, and the General Manager and other senior management shall be present at the meeting.

**Article 72** A shareholders' meeting shall be chaired by the chairman of the Board. In the event that the chairman of the Board is unable to or fails to perform his duties, the vice chairman shall chair the meeting. In the event that the chairman and the vice chairman of the Board is unable to perform his duties, a director jointly elected by more than half of the directors shall chair the meeting.

A shareholders' meeting convened by the Board of Supervisors on its own shall be chaired by the chairman of the Board of Supervisors. In the event that the chairman of the Board of Supervisors is unable to or fails to perform his duties, a supervisor jointly elected by more than half of the supervisors of the Company shall chair the meeting.

The shareholders' meeting convened by Shareholders on their own initiative shall be presided over by the representative nominated by the convener.

If the host of the shareholders' meeting breaches these Articles of Association, which makes it unable to proceed the shareholders' meeting, subject to consents of over half of shareholders with voting rights attending the shareholders' meeting, the shareholders' meeting may nominate a person to act as the host of the meeting and such meeting may continue.

**Article 73** The Company shall formulate the rules of procedure for shareholders' meetings, setting out in detail the procedures for convening and voting at shareholders' meetings, including notice, registration, consideration of proposals, voting, counting of votes, announcement of voting results, formation of meeting resolutions, minutes of meetings and the signing thereof, announcements, etc., as well as the principles of delegation of authority from the shareholders' meeting to the Board, the content of which shall be clear and specific. The rules of procedure of the Shareholders' meeting shall be annexed to the Articles of Association, drafted by the Board and approved by the Shareholders' meeting.

**Article 74** At an annual shareholders' meeting, the Board and the Board of Supervisors shall make a report to the shareholders' meeting on their work for the past year. Each independent non-executive director shall also make a report on his or her duties.

**Article 75** Directors, Supervisors and senior management shall give explanations and clarifications in response to shareholders' queries and suggestions at shareholders' meetings.

**Article 76** The presiding officer of the meeting shall, prior to voting, announce the number of attending shareholders and proxies and the total number of their voting shares. The number of attending shareholders and proxies and the total number of their voting shares shall be based on the registration of the meeting.

**Article 77** Minutes of the meeting shall be prepared for shareholders' meetings by the secretary to the Board. The minutes of the meeting shall state the following contents:

- (1) the time, venue and agenda of the meeting and the name of the convener;
- (2) the name of the presiding officer of the meeting and the names of the directors, supervisors, general managers and other senior management attending or present at the meeting;
- (3) the number of shareholders and proxies attending the meeting, total number of voting shares they represent, and the percentages of their voting shares to the total share capital of the Company for each shareholder;
- (4) the process of review and discussion, summary of any speech, and voting results of each proposal;
- (5) the shareholders' queries, opinions, suggestions and corresponding responses or explanations;

- (6) the names of vote counters and scrutinizer(s) of the voting;
- (7) such other matters as specified in these Articles of Association that shall be included in the minutes of the meeting.

**Article 78** The convener shall ensure that the minutes of the meeting are true, accurate and complete. The minutes shall be signed by the directors, supervisors, the secretary of the Board, the convener or his representative attending the meeting and the presiding officer. The minutes shall be kept together with the signed attendance record of attending shareholders, proxy forms and the valid information on voting status by other means for a period of not less than ten years.

**Article 79** The convener shall ensure that the shareholders' meeting is held continuously until final resolutions are reached. If the shareholders' meeting is suspended or fails to reach any resolution due to force majeure and other special reasons, the necessary measures shall be taken to resume the shareholders' meeting as soon as possible or to terminate such shareholders' meeting outright and an announcement and/or report shall be made promptly in accordance with the laws, administrative regulations, departmental rules or the securities regulatory rules of the place where the Company's shares are listed.

## **Section 6 Voting and Resolutions of Shareholders' Meeting**

**Article 80** Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed by votes representing over half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution shall be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 81** The following matters shall be approved by ordinary resolutions at a shareholders' meeting:

- (1) work reports of the Board and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the Board;
- (3) appointment and removal of members of the Board and the Board of Supervisors, their remuneration and method of payment;
- (4) annual reports of the Company;
- (5) hiring, dismissal, or non-renewal of the engagement of an accounting firm and its compensation;

- (6) other matters other than those required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or these Articles of Association to be adopted by special resolution.

**Article 82** The following matters shall be approved by special resolutions at a shareholders' meeting:

- (1) increase or reduction of the registered capital of the Company;
- (2) division, merger, dissolution and liquidation of the Company;
- (3) amendments to the Articles of Association;
- (4) purchase or disposal of material assets or provision of guarantee by the Company within 1 year with an amount exceeding 30% of the latest audited total assets of the Company;
- (5) share incentive scheme;
- (6) issue corporate bonds;
- (7) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or these Articles of Association, and other matters considered by the shareholders' meeting, by way of ordinary resolution, to have a material impact on the Company and need to be approved by special resolution.

**Article 83** Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall have one vote. On a poll, shareholders (including proxies) entitled to two or more votes need not cast all their votes in favor of, against, or abstain from voting.

The separate votes should be counted for the votes of small and medium-sized investors, when the shareholders' meeting is reviewing the major matter that affects the interests of small and medium-sized investors. The results of the separate vote counting should be promptly and publicly disclosed. In addition, the Company must allow shareholders holding a minority interest of an issuer to convene a special shareholders' meeting and to include resolutions on the meeting agenda. On the basis of one vote per share, the minimum level of shareholders' support required to convene a meeting shall not be higher than 10% of the voting rights attached to the capital shares (excluding treasury shares) of an issuer.

No voting rights shall attach to the shares held by the Company, and such shares shall not be counted among the total number of voting shares present at a shareholders' meeting.



Where any shareholder is required to abstain from voting or is restricted to voting for or against any individual resolution in accordance with the applicable laws and regulations or the Hong Kong Stock Exchange Listing Rules, any vote by the shareholder (or proxies) in contravention thereof shall not be counted into the voting result.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' meeting for thirty-six months after the purchase.

The Board, independent non-executive directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the solicited person. The solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

**Article 84** The related shareholders shall not participate in voting, with its number of shares with voting rights represented by them not to be counted in the total number of valid votes, when the shareholders' meeting is reviewing the relevant related transaction; the announcement of the resolution of the shareholders' meeting shall fully disclose the votes of the non-related shareholders.

The presiding officer of the meeting shall, at the beginning of the meeting, announce that the related shareholders shall refrain from and not participate in the voting of the related transaction. Where the meeting requires the related shareholders to give explanations, the connected shareholders bear the duty and obligation to make truthful explanation at the meeting. The resolutions adopted at the shareholders' meeting should fully disclose the voting results by non-related shareholders.

Such related party transaction shall be approved by a poll of the non-related shareholders present at the meeting, with more than half of the valid votes cast in favor of such related party transaction; if such transaction falls within the scope of a special resolution, it shall be approved by more than two-thirds of the valid votes cast.

When the shareholders' meeting considers a proposal to provide a guarantee for a shareholder, a de facto controller and their related parties, such shareholder, or a shareholder at the disposal of such de facto controller, shall not participate in such vote, which shall be passed by more than half of the votes held by other shareholders present at the shareholders' meeting.

If it is otherwise provided by applicable laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed, such provisions shall apply.



**Article 85** Unless the Company is in a crisis or other in exceptional circumstances, the Company shall not enter into contracts with persons other than directors, general manager and other senior management to hand over the management of Company's entire or important business in the person's charge without the approval by a special resolution at a shareholders' meeting.

**Article 86** Lists of nominations for the candidates for directors or supervisors shall be put forward for voting at the shareholders' meeting by way of a proposal.

When a voting is made on election of directors or supervisors at a shareholders' meeting, the cumulative voting system may be adopted in accordance with the provisions of these Articles of Association or the resolutions of the shareholders' meeting.

The cumulative voting system mentioned in the preceding paragraph means that when electing directors or supervisors at a shareholders' meeting, each share shall carry the same number of voting rights as the number of directors or supervisors to be elected, and the shareholders may either concentrate their votes at the election. The Board shall announce the biography and basic information of each candidate of directors and supervisors to the shareholders.

The cumulative voting system shall be used when the proportion of shares in which a single shareholder and persons acting in concert with him are interested reached thirty per cent or more.

The specific operational procedures for the cumulative voting system shall be as follows:

- (1) directors and supervisors of the Company shall be elected and voted separately;
- (2) in the election of directors and supervisors, each shareholder shall be entitled to a number of votes equal to the product of the number of shares held by him multiplied by the number of directors and supervisors he is entitled to elect, and such votes shall be cast only to the candidates of directors and supervisors of the company, and the person who receives the highest number of votes shall be elected;
- (3) where the number of candidates is more than the number specified in these Articles of Association, the number of directors and supervisors elected by each shareholder voting shall not exceed the number of directors and supervisors specified in these Articles of Association, and the total number of votes cast shall not exceed the number of votes to which the shareholder is entitled, otherwise such votes shall be void;
- (4) the scrutineers and vote-counters of the shareholders' meeting must check the above circumstances carefully to ensure that the cumulative voting is fair and valid.

The methods and procedures for the nomination of candidates for directors and supervisors are as follows:

- (1) the Board and shareholders individually or jointly holding more than 3% of the Company's shares shall be entitled to submit the nomination of candidates for directors (excluding independent non-executive directors) to the Board. The Board shall submit the proposal to the shareholders' meeting after asking for opinions of the nominees and examining their qualifications.
- (2) the Board of Supervisors and shareholders individually or jointly holding more than 3% of the Company's shares shall be entitled to submit the nomination of candidates for supervisors who are non-employee representatives. The Board of Supervisors shall submit the proposal to the shareholders' meeting after asking for opinions of the nominees and examining their qualifications. Employee representatives on the Board of Supervisors shall be elected by the employees of the Company in a democratic manner.
- (3) the Board, the Board of Supervisors and shareholders individually or jointly holding more than 3% of the Company's shares in issue shall be entitled to submit the nomination of candidates for independent non-executive directors.

**Article 87** Except for the cumulative voting system, voting for all resolutions proposed to a shareholders' meeting shall be conducted on a case-by-case basis, and if there are different resolutions on the same matter, voting related thereto shall be conducted based on the chronological order in which they are proposed. Unless a shareholders' meeting is suspended or fails to reach a resolution due to force majeure or other special reasons, voting of such proposals shall neither be put on hold nor voting by-passed at the shareholders' meeting.

**Article 88** The proposal shall not be amended when it is considered at the shareholders' meeting otherwise the change in question shall be considered as a new proposal and cannot be voted on at the shareholders' meeting for the time being.

**Article 89** A vote may only be cast by either on-site or other voting methods. In the event one vote is cast by more than one method, the result of the first vote shall prevail.

**Article 90** Voting at shareholders' meetings shall be conducted in registered ballot.

**Article 91** Before voting on a proposal at a shareholders' meeting, two shareholders' representatives shall be elected to participate in vote counting and monitoring. Where these shareholders are interested in the matters to be considered, the relevant shareholders and their proxies shall not participate in the vote counting or monitoring.

When the proposals are being voted at the shareholders' meeting, lawyers, shareholders representatives and supervisors shall be jointly responsible for vote counting and scrutinizing and announcing the voting results on-site, while result of the vote would be recorded in the minutes of the meeting.

Shareholders of the Company or their proxies voting through the internet shall have the right to check their own votes cast through the relevant voting system.

**Article 92** An on-site shareholders' meeting shall not end earlier than the one held through internet or by other methods. The presiding officer of the meeting shall announce the outcome and results of the vote on each proposal and announce whether each such proposal has been passed based on the results of the votes.

Until the formal announcement of the voting results, relevant parties, such as the companies, vote counters, scrutineers, major shareholders and internet service provider involved in the voting at the shareholders' meeting shall bear an obligation of confidentiality in respect of the voting.

**Article 93** Shareholders attending the shareholders' meeting shall present one of the following views on the proposals submitted for voting: for, against or abstention. The securities registration and settlement institution shall be the nominal holder (if any) of shares under the Stock Connect Mechanism in the Mainland China and Hong Kong Stock Markets, except where declaration is made in accordance with the actual holder's intention.

Blank, wrong, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstain".

**Article 94** In the event that the presiding officer of the meeting has any doubts as to the result of the vote on any resolution proposed for voting, he/she may have the votes counted. In the event that the presiding officer of the meeting fails to have the votes counted, any attending shareholder or proxy who disagrees with the results announced by the presiding officer of the meeting shall have the right to request counting of the votes immediately after the voting results are announced, in which case the presiding officer of the meeting shall have the votes counted immediately.

**Article 95** Resolutions of the shareholders' meeting shall be announced in a timely manner in accordance with the relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights and the proportion to the total number of shares with voting rights of the Company, the form of voting, the voting result of each resolution and the detailed content of each resolution adopted.

**Article 96** Where a proposal is not passed, or the resolutions of the preceding shareholders' meeting have been changed at the current shareholders' meeting, a special reminder shall be included in the announcement of the resolution of shareholders' meeting.

**Article 97** Where a proposal for the election of directors or supervisors is passed at the shareholders' meeting, the new directors and supervisors shall assume office on the date of adoption of the resolution at the shareholders' meeting or the effective date of their appointment as contained in the relevant resolution.

**Article 98** Where a proposal on distribution of cash dividend, share bonus or capitalization of capital reserves is passed at the shareholders' meeting, subject to the laws and regulations as well as the securities regulatory rules of the place where the Company's shares are listed, the Company will implement the specific project within two months after the adjournment of the shareholders' meeting.

**Article 99** For any shareholder who is registered in the register of members or any person who requests his/her/its name to be entered into the register of members, if his/her/its share certificates (i.e. "original share certificates") are lost, he/she/it may apply to the Company for issuing duplicate share certificates in respect of those shares (i.e. "underlying shares").

In the event that a holder of overseas listed foreign shares has lost his/her share certificates and applies for issuing duplicate share certificates, he/she shall handle the matter in accordance with the laws of the place where the original register of holders of overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant stipulations

## **Chapter 5 Board**

### **Section 1 Directors**

**Article 100** Directors of the Company shall be natural persons. A person who is applicable to any one of the following circumstances shall not become a director of the Company:

- (1) having no capacity for civil conduct or limited capacity for civil conduct;
- (2) a person who has been sentenced to criminal penalty for corruption, bribery, infringement of property, misappropriation of property or sabotaging the order of socialist market economy, or who has been deprived of his political rights due to criminal offense, where less than five years have elapsed since the deprivation lapsed or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;
- (3) a person who is a former director, factory principal or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;

- (4) a person who is a former legal representative of a company or enterprise, the business license of which was revoked or such company or enterprise was ordered to shut down due to violation of law and such person is personally liable for such consequences, where less than three years have elapsed since the date of the revocation of business license of such company or enterprise or such business had been ordered to shut down;
- (5) a person who has a relatively large amount of debt which has become overdue and is listed as a dishonest person subject to enforcement by the people's court;
- (6) a person who is subject to a securities market entry prohibition measure imposed by the CSRC, and the period of the prohibition has not lapsed;
- (7) other contents as stipulated by laws, administrative regulations or departmental rules and regulations.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment or employment shall be null and void. The Company shall dismiss a director from office if the circumstances under this Article arise during his or her term of office.

**Article 101** Directors shall be elected or replaced by the shareholders' meeting. The term of office of the Directors shall be 3 years, and they are subject to re-election upon expiry.

On the premise of complying with relevant laws and administrative regulations, the shareholders' meeting may remove any director whose term of office has not expired by ordinary resolution (but the director's claim for damages under any contract shall not be affected).

The term of office of the directors shall be calculated from the date of their assumption of office to the expiry of the current term of office of the Board. If a director's term of office expires without timely re-election, the original director shall still perform the duties of a director in accordance with the laws, administrative regulations, departmental rules and regulations and these Articles of Association until the re-elected director assumes office.

The manager or other senior management personnel may concurrently serve as a director, provided that the total number of directors who also hold the position of manager or other senior management personnel and directors who are employee representatives shall not exceed one-half of the total number of directors of the Company.

**Article 102** Directors shall comply with the laws, administrative regulations and these Articles of Association, and shall owe the following duties of loyalty to the company:

- (1) not to use their authority to accept bribes or other illegal income and not to misappropriate the property of the Company;
- (2) no misappropriation of funds of the Company;
- (3) not to open accounts in which the assets or funds of the company are deposited in his or her personal name or in the name of other individuals;
- (4) not to lend the Company's funds to others or provide security for others with the Company's property without the consent of the shareholders' meeting or the Board in contravention of the provisions of these Articles of Association;
- (5) not to enter into contracts or transactions with the Company in contravention of the provisions of these Articles of Association or without the consent of the shareholders' meeting;
- (6) not to use the convenience of his office to secure for himself or others business opportunities that should have belonged to the Company and to carry on a business of the same kind as that of the Company for himself or for others without the consent of the shareholders' meeting, except as otherwise provided by relevant laws and regulations.;
- (7) not to accept commissions for their own benefit in respect of transactions with the Company;
- (8) no unauthorised disclosure of secrets of the Company;
- (9) not use their related party relationship to harm the interest of the company;
- (10) other duties of loyalty as stipulated by laws, administrative regulations, departmental rules and regulations and these Articles of Association.

Any directors' income in contravention of the provisions of this Article shall belong to the Company; for any damages incurred to the Company, such director shall be liable for compensation.

**Article 103** Directors shall comply with the laws, administrative regulations and these Articles of Association and shall owe the following duties of diligence to the Company:

- (1) exercise the rights conferred by the Company in a prudent, conscientious and diligent manner so as to ensure that the Company's business conduct complies with the requirements of state laws, administrative regulations and various national economic policies and that its business activities do not exceed the scope of business as stipulated in its business licence;
- (2) treat all shareholders fairly;
- (3) keep abreast of the operation and management of the Company's businesses;
- (4) sign a written confirmation of the Company's periodic reports. Ensure that the information disclosed by the Company shall be true, accurate and complete;
- (5) truthfully provide relevant information and data to the board of supervisors and shall not obstruct the board of supervisors or individual supervisors in the exercise of their powers;
- (6) other duty of diligence stipulated by laws, administrative regulations, departmental rules and regulations and these Articles of Association.

**Article 104** A director who fails to attend meetings of the Board in person or by proxy for two consecutive times shall be deemed failed to perform his or her duties and the Board shall recommend to the shareholders' meeting to replace such director.

**Article 105** A director may resign before the expiration of his or her term of office. A resigning director shall submit written resignation report to the Board. The Board will disclose the relevant situation within two days.

If, as a result of the resignation of a director, the number of directors on the Board of the Company falls below the minimum number prescribed by the law, the original director shall continue to perform the duties as a director in accordance with the laws, administrative regulations, departmental rules and regulations and these Articles of Association until the newly elected director assumes office.

Except in the circumstances set out in the preceding paragraph, the resignation of a Director shall take effect when the resignation report is served on the Board.

Subject to the provisions of the laws and regulations and related regulatory rules of the place where the Company is listed, if the Board fills the temporary vacancy by appointing a new Director, he/she shall be elected at the first annual shareholders' meeting by the shareholders after the acceptance of his/her appointment.



Any person appointed by the Board to fill up a casual vacancy or as an addition to the Board shall hold office only until the first annual shareholders' meeting after his/her appointment, and shall then be eligible for re-election.

Where not otherwise provided by laws, the Company shall have power by ordinary resolution at the shareholders' meeting to remove any director (including a managing or other executive director) before the expiration of his/her term of office, but without prejudice to any claim for damages under any contract.

**Article 106** A director shall complete all formalities for handing over to the Board when his or her resignation takes effect or when his or her term of office expires, and his duty of loyalty to the Company and its shareholders shall not ipso facto be discharged at the end of his or her term of office, and shall remain in force for the five years from the end of his or her term of office or for the period specified in the relevant agreement; and the confidentiality obligations therein shall remain in force after the expiration of his or her term of office or the resignation becomes effective until such secrets become public information.

**Article 107** No Director shall act on behalf of the Company or the Board in his personal capacity without the provisions of these Articles of Association or the lawful authority of the Board. Where a director is acting in his personal capacity, he shall declare his position and identity in advance where a third party would reasonably believe that he is acting on behalf of the Company or the Board.

**Article 108** A director shall be liable for compensation as regards the damages caused to the Company if he or she violates the provisions of laws, administrative regulations, departmental rules and regulations or these Articles of Association in the performance of his or her duties for the Company.

**Article 109** The Company shall have independent non-executive directors. The independent non-executive directors shall be independent of the Company and the Company's major shareholders. An independent non-executive director shall not hold any position in the Company other than that of an independent non-executive director. Independent non-executive directors shall be implemented in accordance with the relevant regulations of the laws, administrative regulations, the CSRC and the stock exchange of the place where the Company's shares are listed.

## **Section 2 Board**

**Article 110** The Company shall have a Board, which shall be accountable to the shareholders' meeting.



**Article 111** The Board shall consist of 12 directors, including one chairman and one vice chairman. The number of independent non-executive directors shall not be less than three and shall constitute at least one-third of the total number of directors on the Board, at least one of whom must possess the appropriate professional qualifications or expertise in accounting or related financial management. Independent non-executive directors should have sufficient business or professional experience to fulfill their duties and ensure that the interests of all shareholders are fully represented. At least one independent non-executive director must normally reside in Hong Kong.

**Article 112** The Board shall exercise the following functions and powers:

- (1) to summon shareholders' meetings and report its work to the meetings;
- (2) to implement the resolutions of the shareholders' meeting;
- (3) to determine on the Company's business plans and investment plans;
- (4) to formulate the Company's profit distribution plans and loss recovery plans;
- (5) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and listing plans;
- (6) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution and change of corporate form of the Company;
- (7) to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, external donations and other matters within the scope authorised by the shareholders' meeting;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board and other senior management, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's deputy general manager, financial controller and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for any amendment to the Articles of Association;
- (12) to manage the information disclosure of the Company;

- (13) to propose to the shareholders' meeting the appointment or replacement of the accounting firm that audits the Company;
- (14) to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- (15) other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of the Company shall establish the audit committee, the nomination committee, and the remuneration committee (collectively referred to as the “**special committees**”), and other committees as necessary. The special committees shall be accountable to the Board and perform their duties in accordance with the Articles of Association and the authorization of the Board. The proposals of the committees shall be submitted to the Board for approval. All members of the special committees shall be directors, among which the majority of the members of audit committee, nomination committee, and remuneration committee shall be independent directors, and their conveners shall be an independent director. The convener of the audit committee must be an accounting professional. The Board is responsible for formulating the rules of the special committees to regulate their operation.

Matters beyond the scope of authorization of the shareholders' meeting shall be submitted to the meeting for consideration.

**Article 113** The Board of the Company shall make a statement to the shareholders' meeting regarding the non-standard audit opinion issued by the certified public accountant on the Company's financial report.

**Article 114** The Board shall formulate the rules of procedure of the Board to ensure that the Board implements the resolutions of the shareholders' meeting, so as to improve efficiency and to ensure scientific decision- making.

The rules of procedure for Board meetings provides for the convening and voting procedures of Board meetings. The rules of procedure for Board meetings shall be included in the Articles of Association or attached as an appendix to the Articles of Association, and shall be prepared by the Board and subject to approval of the shareholders' meeting.

**Article 115** The Board shall determine the authority for external investments, acquisition and sale of assets, pledging of assets, external guarantee matters, entrusted wealth management and related party transactions, and establish strict review and decision-making procedures; material investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval. The Board' authority regarding matters such as the Company's purchase or sales of assets, external investments, pledge over assets, external guarantees, entrusted wealth management, and related party transactions is as follows:

- (1) External Investments (including entrusted wealth management, entrusted loans, etc.): the Board may proceed with external investments and their disposals within 30% of the Company's latest audited net assets;
- (2) Acquisition and Disposal of Assets: the Board may proceed with the purchase or sales of major assets within one year, the transaction amount of which does not exceed 30% of the Company's latest audited total assets;
- (3) External Guarantees: to review and approve guarantees other than those that require consideration by the shareholders as stipulated in Article 46 of the Articles of Association of the Company. Any external guarantee by the Company must be approved by at least two-thirds of all directors and resolved accordingly;
- (4) Related Party Transactions: to review and approve transactions with related legal entities where the transaction amount exceeds RMB 3 million and accounts for more than 0.5% of the Company's latest audited net assets, provided such transactions do not require consideration and approval at the shareholders' meeting; to review and approve transactions with related natural persons where the transaction amount exceeds RMB 300,000 but does not require consideration and approval at the shareholders' meeting.

**Article 116** The Board shall appoint a chairman and a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors.

**Article 115** The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over shareholders' meetings, summoning and and chairing meetings of the Board;
- (2) to supervise and check the implementation of resolutions of Board;
- (3) other functions and powers delegated by the Board.

**Article 118** The vice-chairman of the Board of the Company shall assist the work of the chairman of the Board and if the chairman is unable to perform his duties or does not perform his duties, the vice-chairman shall perform such duties. If the vice-chairman is unable to perform his duties or does not perform his duties, a director jointly elected by more than half of the directors shall perform his duties.

**Article 119** The Board shall meet at least two times a year, such meeting shall be summoned by the chairman of the Board, with written notice to all directors and supervisors ten days prior to the meeting.

**Article 120** Shareholders representing at least one-tenth of the voting rights, at least one-third of the directors or the board of supervisors may propose the convening of an extraordinary meeting of the Board. the chairman of the Board shall summon and chair a meeting of the Board within ten days from the receipt of the proposal.

**Article 121** The Board shall convene an extraordinary meeting of the Board by giving notice in writing to all directors and supervisors five days prior to the meeting. If the situation is urgent and it is necessary to convene an extraordinary meeting of the Board as soon as possible, notice of the meeting may be given by telephone or other oral means at any time, but the convener shall give an explanation at the meeting.

**Article 122** The notice of the Board meeting shall include the following:

- (1) date and venue of the meeting;
- (2) the manner in which the meeting to be conducted;
- (3) subject matter and topic;
- (4) the date on which the notice was sent.

**Article 123** Meetings of the Board shall be held in the presence of more than half of the directors. A resolution of the Board must be passed by more than half of all directors.

Voting on Board resolutions shall be made on a one-person-one-vote basis.

**Article 124** Where a director has related party relationship with the business to which the Board has resolved in a meeting, such director shall not exercise his voting rights in respect of such resolution and shall not exercise his voting rights on behalf of any other director. Such meeting of Board shall be held in the presence of a majority of the non-related directors and a resolution at such meeting of the Board shall be approved by more than half of the non-related directors. If the number of non-related directors present at such meeting of the Board is less than three, the matter shall be submitted to a shareholders' meeting for consideration.

**Article 125** Voting on resolutions of the Board shall be either by poll or by a show of hands; provided, however, that if any one of the directors requests that a poll be taken, the vote shall be taken by poll. Extraordinary meetings of the Board may be held and resolutions may be made by video, telephone conference or other means of equivalent effect, and signed by the participating directors, provided that the full expression of the directors' views is ensured and that the securities regulatory rules of the place where the Company's shares are listed are complied with.

**Article 126** Directors shall attend meetings of the Board in person; if a director is unable to attend for any reason, he/she may appoint in writing another Director to attend on his/her behalf, and the power of attorney shall contain the name of the proxy, the matters to be represented, the scope of authority and the period of validity, and shall be signed or sealed by the principal. The director attending the meeting on other director's behalf shall exercise the rights of a director within the scope of the authorisation. A director who fails to attend a meeting of the Board and does not attend by proxy shall be deemed to have waived his right to vote at such meeting.

**Article 127** The Board shall make minutes of the decisions made on the matters discussed at the meeting, and the directors present at the meeting shall sign on the minutes.

Minutes of meetings of Board shall be kept as archives of the Company for a period of not less than ten years.

**Article 128** Minutes of meetings of Board shall include the following particulars:

- (1) date and venue of the meeting and the name of the convener;
- (2) names of the directors present and the names of directors (proxies) entrusted by others to attend the meeting of Board;
- (3) meeting agenda;
- (4) key points of the directors' speeches;
- (5) the manner of voting and the result of each resolution (the result of the vote shall indicate the number of votes cast in favour, against or abstentions).

## **Chapter 6 General Manager and Other Senior Management Personnel**

**Article 129** The Company shall have a general manager who shall be appointed or dismissed by the Board.

The Company may have a number of deputy general managers according to the actual situation, who shall be nominated by the general manager and appointed or dismissed by the Board.

The general manager, deputy general manager, secretary to the Board and the financial controller of the Company are the senior management personnel of the Company.

**Article 130** Article 100 of these Articles of Association concerning the circumstances in which a person may not serve as a director shall also apply to senior management personnel.

The provisions of Article 102 of these Articles of Association concerning the duty of loyalty of directors and Article 103(4), (5) and (6) concerning the duty of diligence shall also apply to senior management personnel.

**Article 131** A person who holds an executive position other than that of a director or supervisor in the entities of the controlling shareholder of the Company shall not act as a senior management personnel of the Company.

Senior management personnel of the Company shall receive their salaries only at the Company and shall not be paid by the controlling shareholder on behalf of the Company.

**Article 132** The term of office of the general manager shall be three years for each session, and the general manager may be reappointed upon reelection.

**Article 133** The general manager shall be accountable to the Board and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, organise the implementation of the resolutions of the Board and report to the Board;
- (2) to organise the implementation of the Company's annual plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the basic management system of the Company;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board to appoint or dismiss deputy general managers and financial controller of the Company;
- (7) to appoint or dismiss responsible management personnel other than those required to be appointed or dismissed by the Board;
- (8) to other powers conferred by the Articles of Association or the Board.

The general manager may be present at meetings of Board.

**Article 134** The general manager shall formulate a set of detailed rules for the work of the general manager and submit to the Board for approval before implementation.

**Article 135** The detailed rules for the work of the general manager shall include the following particulars:

- (1) the conditions and procedures for convening meetings of the general manager and the persons to attend such meetings;
- (2) the specific responsibilities of each of the general manager and other senior managers and their division of job duties;
- (3) the authority of operation of the Company's funds and assets, the authority to enter into major contracts, and the reporting system to the Board and the board of supervisors;
- (4) such other matters as the Board may deem necessary.

**Article 136** The general manager may resign before the expiry of his term of office. The specific procedures and methods relating to the resignation of the general manager shall be set out in the contract of appointment between the general manager and the Company.

**Article 137** The deputy general manager of the Company, financial controller, and other senior management shall be nominated by the general manager and appointed by the Board, to assist the general manager to carry out the works.

**Article 138** The Company shall have a secretary to the Board, who shall be responsible for the preparation of shareholders' meetings and meetings of Board of the Company, the custody of documents and the management of the shareholders' information of the Company, and the handling of information disclosure matters.

The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and regulations and these Articles of Associations.

**Article 139** Senior management personnel who violate the provisions of laws, administrative regulations, departmental rules and regulations or these Articles of Association in performing their duties for the Company and caused damage to the Company shall be liable for compensation.

**Article 140** Senior management personnel of the Company shall faithfully perform their duties to safeguard the best interests of the Company and all its shareholders. Senior management personnel who failed to faithfully perform their duties or breach their duty of good faith and cause damage to the interests of the Company and holders of public shares shall be liable for compensation.



## **Chapter 7 Board of Supervisors**

### **Section 1 Supervisors**

**Article 141** Article 100 of these Articles of Association concerning the circumstances in which a person shall not serve as a director shall also apply to the supervisors.

Directors, the general manager and other senior management personnel shall not concurrently serve as a supervisor.

**Article 142** Supervisors shall abide by the laws, administrative regulations and these Articles of Association, and shall have a duty of loyalty and diligence to the Company, and shall not use their authority to accept bribes or other illegal income or misappropriate the property of the Company.

**Article 143** The term of office of the supervisors shall be three years for each session.

Supervisors are eligible for re-election upon expiry of their term of office.

**Article 144** If a supervisor's term of office expires without timely re-election, or if a supervisor resigns during his or her term of office resulting in the number of supervisors on the board of supervisors falling below the minimum number prescribed by the law, the original supervisor shall still perform his or her duties as a supervisor in accordance with the laws, administrative regulations and the provisions of these Articles of Association until the re-elected supervisor assumes office.

**Article 145** Supervisors shall ensure that the information disclosed by the Company shall be true, accurate and complete and shall sign a written confirmation of its periodic reports.

**Article 146** Supervisors may be present at meetings of the Board and make queries or recommendations on matters to be resolved by the Board.

**Article 147** Supervisors shall not use their related party relationship to harm the interest of the Company and shall be liable to pay compensation if any damage are caused to the Company.

**Article 148** Supervisors who violate the provisions of laws, administrative regulations, departmental rules or these Articles of Association in the performance of their duties for the Company and cause damage to the Company shall be liable for compensation.

## **Section 2 Board of Supervisors**

**Article 149** The Company shall have a board of supervisors. The board of supervisors shall consist of three supervisors, and shall have one chairman and may have one vice chairman. The Chairman and vice chairman of the board of supervisors shall be elected by more than half of all supervisors. The chairman of the board of supervisors shall summon and preside over meetings of the board of supervisors; if the chairman of the board of supervisors is unable to perform his duties or does not perform his duties, the vice chairman of the board of supervisors shall summon and preside over such meetings of the board of supervisors; if the vice chairman of the board of supervisors is unable to perform his duties or does not perform his duties, more than half of the supervisors shall jointly elect a supervisor to summon and preside over the meetings of the board of supervisors.

The board of supervisors shall have representatives of the shareholders and an appropriate proportion of representatives of the employees of the Company, of which the proportion of employee representatives shall not be less than one-third. The staff representatives on the board of supervisors shall be democratically elected by the employees of the Company through the staff congress, staff meeting or other forms.

**Article 150** The board of supervisors shall exercise the following functions and powers:

- (1) shall review and provide written opinions of review on the periodic reports of the Company prepared by the Board;
- (2) to inspect the financing circumstance of the Company;
- (3) to supervise the conduct of directors and senior management personnel in performing their duties for the Company and to propose the removal of directors and senior management personnel who violate the laws, administrative regulations, these Articles of Association or resolutions of the shareholders' meeting;
- (4) to require directors and senior management personnel to rectify their actions when such actions are detrimental to the interests of the company;
- (5) to propose the convening of an extraordinary general meeting and to summon and preside over shareholders' meetings when the Board does not perform its duties to summon and preside over shareholders' meetings as provided for in the "Company Law";
- (6) to submit proposals to the shareholders' meeting;
- (7) to institute legal actions against directors and officers in accordance with the provisions of the "Company Law";

- (8) to conduct investigations when abnormalities are discovered in the Company's operation; if necessary, professional bodies such as accounting firms and law firms may be engaged to assist in the work at the Company's expense;
- (9) other powers as prescribed under the law, administrative rules, regulations, and the Articles of Associations

**Article 151** The board of supervisors shall meet at least once every six months. A supervisor may propose an extraordinary meeting of the board of supervisors.

Resolutions of the board of supervisors shall be passed by more than half of the Supervisors as a whole.

**Article 152** The Board of supervisors shall formulate rules of procedure of the board of supervisors and clarifies the manner of proceedings and voting procedures of the board of supervisors in order to ensure the efficiency of the board of supervisors and scientific decision-making.

The rules of procedure of the board of supervisors shall set out the procedures for convening and voting in the board of supervisors. The rules of procedure of the board of supervisors shall be included in the Articles of Association or annexed hereto and are to be drafted by the board of supervisors and approved by the shareholders' meeting.

**Article 153** The board of supervisors shall prepare minutes of the decisions of the proceedings and the supervisors present at the meeting shall sign on the minutes.

Supervisors have the right to request that certain explanatory notes be made in the minutes of their speeches at the meeting. The minutes of meeting of board of supervisors shall be kept as archives of the Company for a period of not less than ten years.

**Article 154** The notice of meetings of board of supervisors shall include the following particulars:

- (1) the date, venue and duration of the meeting to be held;
- (2) subject matter and topic thereof;
- (3) the date on which the notice was sent.

## **Chapter 8 Financial Accounting System, Profit Distribution and Auditing**

### **Section 1 Financial Accounting System**

**Article 155** The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations and the provisions of relevant state departments.

**Article 156** The Company's financial year shall be based on the calendar year, namely the financial year begins on 1 January and ends on 31 December of each year.

The Company shall disclose its annual report within four months from the end of each financial year and its interim report within two months from the end of the first half of each financial year. The Company shall file, disclose and/or submit to shareholders its annual reports, interim reports, preliminary results announcements, etc., in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The above annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, the regulations of CSRC and those of the stock exchange of the place where the Company's shares are listed.

**Article 157** The Company shall not keep separate accounting books other than the statutory accounting books. The assets of the Company shall not be deposited in any personal accounts in the name of any individual.

**Article 158** When the company distributes the after-tax profit for the year, ten per cent of the profit shall be withdrawn and included in the Company's statutory reserve. Where the accumulated amount of the Company's statutory reserve is more than fifty per cent of the Company's registered capital, further allocation is not required.

If the Company's statutory reserve is not sufficient to cover losses of previous years, it shall, before withdrawing the statutory reserve in accordance with the preceding paragraph, make up the losses from the profits of the current year in the first place.

After the Company has withdrawn statutory reserve from its profit after tax, it may also make an arbitrary reserve from its profit after tax by resolution of the shareholders' meeting.

The profit after taxation remaining after the Company has made up its losses and withdrawn its reserves may be distributed in proportion to the shares held by the shareholders, except where these Articles of Association provide that the distribution shall not be made in proportion to the shares held.

The Company's own shares held by the Company shall not participate in the distribution of profits.

If the Company distributes profits to shareholders in violation of the provisions under the Company Law and these Articles of Association, the shareholders must return the profits distributed in violation of the requirements to the Company. Where the Company incurs losses, the shareholders, as well as such director(s), supervisor(s), and senior management as held responsible, shall be liable for compensation.

The Company shall appoint one or more receiving agents in Hong Kong for H Shareholders. The receiving agent shall receive and safekeep the dividends and other amounts payable by the Company in respect of the H shares on behalf of the H shareholders concerned, pending payment to such H shareholders. The receiving agent appointed by the Company shall comply with the requirements of laws and regulations and the securities regulatory rules of the place where the Company's shares are listed.

**Article 159** The Company's reserve funds shall be used to make up the Company's losses, to expand the Company's production and operations or to be transferred to increase the Company's registered capital. In case reserve funds are used to make up the Company's losses, discretionary reserve funds and statutory reserve funds shall be prioritized. If the losses still cannot be made up, the capital reserve may be used in accordance with the provisions.

When the statutory reserve is converted to increase the registered capital, the amount of such reserve retained shall be not less than twenty-five per cent of the registered capital of the Company before the conversion.

**Article 160** After the resolution on the profit distribution plan is made at the shareholders' meeting of the Company, subject to the laws and regulations as well as the securities regulatory rules of the place where the Company's shares are listed, the Board of the Company shall complete the distribution of dividends (or bonus shares) within two months after the shareholders' meeting.

**Article 161** The Company may distribute dividends in the form of cash or shares as follows:

- (1) The Company's profit distribution principles: The Company implements a share distribution policy of equal shares and equal benefits, whereby shareholders shall receive dividends and other forms of benefit distribution in accordance with their proportion of shareholdings. The Company implements a positive profit distribution policy, which attaches importance to a reasonable return on investment to investors and maintains continuity and stability. The Company may distribute profits in the form of cash or shares, etc. The distribution of profits shall not exceed the extent of accumulated distributable profits and shall not impair the Company's ability to continue its business. The opinions of independent non-executive directors, external supervisors (if any) and public investors shall be fully considered in the decision-making and discussion process of the profit distribution policy by the Board, the board of supervisors and the shareholders' meeting.

- (2) The overall form of profit distribution of the Company: dividends are distributed in cash, shares or a combination of them. Where the Company has the conditions for distribution of cash dividends, the Company may consider giving priority to cash dividends for profit distribution.
- (3) The specific conditions and proportion of the Company's dividend distribution in cash: if the company achieves profit in the current year and has distributable profits after making up for losses and withdrawing statutory reserves and surplus reserves in accordance with the law, then the company may consider making cash dividends.

## **Section 2 Internal Audit**

**Article 162** The Company implements an internal audit system with full-time auditors to carry out internal audit supervision of the Company's financial income and expenditure and economic activities.

**Article 163** The Company's internal audit system and the duties of the auditors shall be implemented with the approval of the Board. The head of audit shall be responsible for and reports to the Board.

## **Section 3 Engagement of Accounting Firm**

**Article 164** The Company shall engage an accounting firm that complies with the "Securities Law" and the securities regulatory rules of the place where the Company's shares are listed to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.

**Article 165** The appointment of an accounting firm by the Company must be decided by the shareholders' meeting and the Board shall not appoint an accounting firm before the decision is made by a shareholders' meeting.

**Article 166** The Company undertakes to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm it engages, without refusal, conceal or misrepresentation.

**Article 167** The audit fees of the accounting firm shall be determined by an ordinary resolution of the shareholders' meeting.

**Article 168** When the Company dismisses or does not renew the engagement of the accounting firm, the accounting firm shall be notified 15 days in advance and allowed to present its views when the vote on the dismissal of such accounting firm is taken.

If the accounting firm resigns, it shall explain to the shareholders' meeting whether there are any improper circumstances in the company.

## Chapter 9 Notice and Announcement

### Section 1 Notice

**Article 169** Notices of the Company shall be given in the following forms:

- (1) delivered by hand;
- (2) delivered by mail;
- (3) by public announcement;
- (4) by fax or email;
- (5) by way of publication on the websites of the Company and as designated by the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed;
- (6) other forms prescribed by laws, administrative rules, regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

In respect of the manner in which the Company provides and/or distributes corporate communications to shareholders as required by the Listing Rules of the Hong Kong Stock Exchange, subject to compliance with the relevant provisions of laws, regulations, normative documents and the regulatory rules of the place where the Company's securities are listed, the Company is required to (1) send or otherwise make available the corporate communications to the relevant holders of its securities in electronic form, or (2) publish the corporate communications through the Company's website and the website of the Hong Kong Stock Exchange (the Company should indicate on its website how it adopts (1) and/or (2) the manner in which the company communicates).

Shareholders of the Company may also choose in written form to obtain a printed copy of the above corporate communication by post. Information of the Company includes but is not limited to: circular, annual report, interim report, notice of a general meeting and other information set out in the Listing Rules of the Hong Kong Stock Exchange.

Unless the context otherwise requires, "announcement" referred to herein means the publication on the media that meet the conditions prescribed by the CSRC as to the announcement made to holders of domestic unlisted shares or the announcement required to be published in the PRC according to the relevant provisions and the Articles of Association. In respect of the announcement sent to H shareholders of overseas listed shares of the Company or required to be sent in Hong Kong pursuant to relevant regulations and the Articles of Association, the announcement shall be issued in accordance with the requirements of the Listing Rules of the Hong Kong Stock Exchange or other applicable regulations.



**Article 170** Subject to the securities regulatory rules of the place where the Company's shares are listed, a notice given by the Company, if made by way of an announcement, shall be deemed to have been received by all persons concerned upon such announcement.

**Article 171** Notice of the meeting of the Company's shareholders' meeting shall be given by way of an announcement.

**Article 172** Notice of meetings of the Board of the Company shall be given by personal delivery or by e-mail, by telephone or by fax.

**Article 173** Notice of meetings of the board of supervisors of the Company shall be given in writing by personal delivery or by mail or e-mail, by telephone or by fax.

**Article 174** If the notice of the Company is delivered by hand, the date of service shall be the date of signature (or seal) of the person served on the return receipt, and the date of signature of the person served shall be the date of service; if the notice of the Company is delivered by mail, the fifth working day from the date of hand over to the post office shall be the date of service; if the notice is delivered by email, such notice shall be deemed to have been delivered when it is transmitted to the aforesaid email box of the recipient (in which case the sender does not receive any notification of delivery failure); if the notice of the Company is delivered by way of announcement, the date of publication of the first instance of the announcement shall be the date of service.

**Article 175** The accidental omission to give notice of a meeting to, or the non-receipt of notice by, any person entitled to notice shall not invalidate the meeting or the resolution made thereat.

## **Section 2 Announcement**

**Article 176** The Company designates the media/website approved by the stock exchange of the place where the shares are listed to publish the Company's announcements and other media requiring disclosure of information.

## **Chapter 10 Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation**

### **Section 1 Merger, Division, Capital Increase and Capital Reduction**

**Article 177** A merger of the Company may take the form of a merger by absorption or a merger by new creation.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to create a new company is a merger by creation and the parties to the merger shall be dissolved.

**Article 178** In the case of a merger of the Company, the parties to the merger shall enter into an agreement of merger and prepare a balance sheet and an inventory of property. The Company shall notify its creditors within ten days from the date of the resolution to merge and announce such merger in the newspaper or the National Enterprise Credit Information Publicity System within 30 days.

Creditors shall have thirty days from the date of receipt of the notice, or forty-five days from the date of announcement if they have not received the notice, to demand that the company settle the debts or provide appropriate security.

Where the Company merges with a company of which the Company holds 90% or more of its shares, and the acquired company is not required to obtain approval by resolution of its shareholders' meeting, unless otherwise required by the Articles of Association and by the stock exchange and the securities regulatory authorities where the Company's shares are listed, but shall notify the other shareholders, who have the right to request the Company to buy back its equities or shares at a reasonable price.

If the price paid for the Company's merger does not exceed 10% of the Company's net assets, approval by resolution of its shareholders' meeting is not required, unless otherwise required by the Articles of Association and by the stock exchange and the securities regulatory authorities where the Company's securities are listed.

Where the Company's merger is exempt from approval by resolution of the shareholders' meeting in accordance with Paragraphs 3 and 4 of this article, such merger shall be subject to approval by resolution of the Board.

**Article 179** In the event of a merger of the Company, the claims and debts of the merging parties shall be succeeded by the surviving company or the newly established company after the merger.

**Article 180** In the event of a division of the Company, its properties shall be divided accordingly.

The company shall prepare a balance sheet and an inventory of its property in the event of a division. The company shall notify the creditors within ten days from the date of the resolution of the division and announce it in a newspaper or the National Enterprise Credit Information Publicity System within thirty days.

**Article 181** The debts of the Company prior to its division shall be borne jointly and severally by the companies established after the division, except as otherwise agreed in a written agreement between the Company and its creditors on the settlement of debts prior to the division.

**Article 182** When the Company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of properties.

The Company shall notify the creditors within ten days from the date of the resolution to reduce the registered capital and announce it in a newspaper within thirty days. Within thirty days from the date of receipt of the notice, or within forty-five days from the date of announcement if the notice is not received, creditors shall have the right to demand the Company to settle the debts or provide corresponding guarantees. The Company's merger with a company whose shareholding is held by the Company as to over 90%.

The Company's registered capital after reduction shall not be lower than the statutory minimum amount.

**Article 183** In case of merger or division of the Company, and the registered matters have changed, the registration of the changes shall be made with the company registration authority in accordance with the law; if the Company is dissolved, the registration of cancellation of the company shall be made in accordance with the law; if a new company is established, the registration of establishment of a company shall be made in accordance with the law.

In case of increase or reduction of the Company's registered capital, the registration of the changes shall be made with the company registration authority in accordance with the law.

## **Section 2 Dissolution and Liquidation**

**Article 184** The Company shall be dissolved for the following reasons:

- (1) the term of business provided for in these Articles of Association has expired or the occurrence of any other cause of dissolution provided for in these Articles of Association;
- (2) dissolution has been resolved by the shareholders' meeting;
- (3) dissolution is required for merger or division of the company;
- (4) having the business licence revoked, ordered to be shut down or be deregistered in accordance with the law;
- (5) where the Company has serious difficulties in its operation and management, and the continuation of the Company will cause significant losses to the interests of the shareholders, and the problem cannot be solved through other means, shareholders holding more than ten per cent of the voting rights of all shareholders of the Company may request a People's Court to dissolve the Company.

**Article 185** In case of Article 184(1) and (2) of these Articles of Association, and distribution of property to the shareholders remains pending, the Company may survive by amending these Articles of Association or the resolution at the shareholders' meeting.

Amendments to these Articles of Association or the resolution to be passed at the shareholders' meeting in accordance with the preceding paragraph shall be approved by at least two-thirds of the votes held by the shareholders present at a meeting of the Shareholders' meeting.

**Article 186** If the Company shall be dissolved pursuant to Article 184(1), (2), (4) and (5) of these Articles of Association, liquidation shall take place. Where the directors are the liquidators of the Company, a liquidation committee shall be established within fifteen days from the date of the occurrence of the cause of dissolution to commence liquidation. The liquidation committee shall be composed of directors, except for those as determined by the shareholders' meeting. Where the liquidators fail to perform their liquidation obligations in a timely manner and result in losses incurred by the Company or the creditors, they shall be liable for compensation.

The Company shall initiate liquidation in accordance with the requirements of the preceding paragraph. If the liquidation committee is not established after the deadline, or the liquidation committee after being established fail to commence liquidation, the stakeholders may apply to a People's Court to appoint relevant persons to form a liquidation committee for liquidation.

**Article 187** The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (1) to clean up the Company's properties and prepare balance sheets and inventories of property;
- (2) to notify and issue announcement to creditors;
- (3) to deal with the outstanding business of the Company in connection with its liquidation;
- (4) to settle outstanding taxes and the taxes arising from the liquidation process;
- (5) to settle claims and debts;
- (6) to distribute the remaining property of the Company after settlement of its debts;
- (7) to represent the Company in civil litigation activities.

**Article 188** The liquidation committee shall notify the creditors within ten days from the date of its establishment and shall make an announcement in a newspaper or the National Enterprise Credit Information Publicity System within sixty days. Creditors shall declare their claims to the liquidation committee within thirty days from the date of receipt of the notice or, if they have not received the notice, within forty-five days from the date of the announcement.

Creditors filing claims should state the relevant matters of the claim and provide supporting documents. The liquidation committee shall register the claims.

During the period of filing claims, the liquidation committee shall not pay off the creditors.

**Article 189** After cleaning up the Company's properties and preparing a balance sheet and an inventory of property, the liquidation committee shall formulate a liquidation plan, which shall be submitted to the shareholders' meeting or the People's Court for confirmation.

The remaining property of the Company, after payment of liquidation expenses, salaries, social insurance costs and statutory compensation of employees, payment of outstanding taxes and settlement of the Company's debts respectively, shall be distributed in proportion to the shares held by the shareholders.

During the liquidation period, the Company shall survive but shall not carry out business activities unrelated to the liquidation.

The properties of the Company shall not be distributed to its shareholders until paid out in accordance with the provisions of the preceding paragraph.

**Article 190** If, after cleaning up the Company's properties and preparing a balance sheet and inventory of property, the liquidation committee discovers that the Company's property is insufficient to settle its debts, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law.

After the Company has been declared bankrupt by a decision of the People's Court, the liquidation committee shall hand over the liquidation affairs to the People's Court.

**Article 191** After the liquidation of the Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to the shareholders' meeting or the People's Court for confirmation, and delivered to the company registration authority to apply for cancellation of company registration.

**Article 192** The members of the liquidation committee shall perform their duties of liquidation, and fulfil fiduciary duties and due diligence obligations.

Members of the liquidation committee shall be liable for compensation, if they fail to perform their liquidation obligations due to neglect of duties and cause losses on the Company.

Members of the liquidation committee who causes damage to the Company or its creditors through their intentional or grossly negligent conducts shall be liable for compensation.

**Article 193** If the Company is declared bankrupt in accordance with the law, it will be liquidated in accordance with the law on corporate bankruptcy.

## **Chapter 11 Amendment of these Articles of Association**

**Article 194** The Company shall amend these Articles of Association upon occurrence of any one of the following circumstances:

- (1) After the “Company Law” or relevant laws and administrative regulations are amended, the matters provided for in these Articles of Association are in conflict with the provisions of the amended laws and administrative regulations,;
- (2) there has been a change in the circumstances of the Company which is inconsistent with the matters recorded in these Articles of Association;
- (3) the shareholders’ meeting has decided to amend these Articles of Association.

**Article 195** If the amendment to the Articles of Association adopted by resolution of the shareholders’ meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

**Article 196** The Board shall amend these Articles of Association in accordance with the resolution of the shareholders’ meeting to amend the Articles of Association and the approval of the relevant competent authorities.

**Article 197** Where the amendments to these Articles of Association are information required to be disclosed by laws and regulations, the relevant matters shall be announced as required.

## **Chapter 12 Supplemental Provisions**

### **Article 198 Definitions**

- (1) A controlling shareholder means a shareholder whose shares account for more than 50% of the Company’s total share capital or shareholder who holds less than 50% of the Company’s shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the shareholders’ meetings.
- (2) A de facto controller is a person who is, although not a shareholder of the Company, but can actually control the behavior of the company through investment relations, agreements or other arrangements.

- (3) Related party relationship includes the relationship between the controlling shareholder, de facto controller, directors, supervisors and senior management personnel of the Company and the enterprises directly or indirectly controlled by them, and other relationships that may result in transfer of interests of the Company and the definition of “connected relationship” as stipulated in the “SEHK Listing Rules”. However, state-controlled enterprises do not have related party relationship only by virtue of being under the same control of the state.
- (4) The definition of “accounting firm” as referred to in these Articles of Association shall be the same as that of “auditor”.

**Article 199** The Board may formulate by-laws in accordance with the provisions of these Articles of Association, and such by-laws shall not be in violation of the Articles of Association.

**Article 200** These Articles of Association are written in the Chinese language and in the event of any inconsistency between any other language or different version of the Articles of Association and these Articles of Association, the Chinese version of the Articles of Association as last approved for registration at Yangzhou Administration for Industry and Commerce (揚州市工商行政管理局) shall prevail.

**Article 201** All references in these Articles to “above”, “within” and “below” shall include the relevant number itself; references to “less than” “beyond”, “lower than”, “more than” and “over” shall not include the relevant number itself.

**Article 202** The Board of the Company shall be responsible for the interpretation of these Articles of Association.

**Article 203** The annexes to these Articles of Association include the rules of procedure of the shareholders’ meeting, the rules of procedure of the Board and the rules of procedure of the board of supervisors.

**Article 204** These Articles of Association shall take effect from the date of listing and trading of the Company’s overseas listed shares on the Main Board of the Stock Exchange of Hong Kong Limited. Amendments shall become effective upon approval by a special resolution of the shareholders’ meeting.

**JIANGSU HORIZON CHAIN SUPERMARKET COMPANY LIMITED**  
**江蘇宏信超市連鎖股份有限公司**

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